

How to Use the Reverse Auction Contract

Contract #: ITS09

Contract Duration: 10/25/2002 to 10/24/2014

MMARS #: Not applicable

Options to renew: No options available

Contract Manager: Marge MacEvitt - 617-720-3121 – marge.macevitt@state.ma.us

Last change date: 01/10/2013

Contract Summary

This contract provides Reverse Auction services to Commonwealth agencies. A Reverse Auction is conducted over the Internet and works just like an auction, except that it is a buyer's auction rather than the more common seller's auction. In a Reverse Auction, you identify what you wish to buy, and as sellers bid, their prices go down rather than up. A bidder can keep submitting lower bids until the auction ends.

This contract may only be used if the estimated value of the goods to be purchased is \$100,000 or more. It is typically used for standard commodities such as road salt, reflective sheeting, signs, snow and ice trucks, truck parts and accessories, washed sand, and similar products.

Benefits and Cost Savings

There is no direct charge to the Commonwealth to conduct a Reverse Auction. Auction costs are paid by the winning vendor(s). Savings are typically in the range of 15% to 30%. Savings of 12% - 48% using Reverse Auctions have been reported by the General Services Administration (a federal procurement agency).

Who Can Use This Contract?

Applicable Procurement Law: MGL c. 7, § 22; c. 30, § 51, § 52; 801 CMR 21.00

Eligible Entities:

01. Cities, towns, districts, counties and other political subdivisions;*
02. Executive, Legislative and Judicial Branches, including all Departments and elected offices therein;
03. Independent public authorities, commissions and quasi-public agencies
04. Local public libraries, public school districts and charter schools;*
05. Public Hospitals, owned by the Commonwealth;
06. Public institutions of high education
07. Public purchasing cooperatives;
08. Non-profit, UFR-certified organizations that are doing business with the Commonwealth;
09. Other states and territories with no prior approval by the State Purchasing Agent required; and
10. Other entities when designated in writing by the State Purchasing Agent.

*Jurisdictions subject to M.G.L. c.30B (local jurisdictions) must also abide by the terms found in “Important Other Requirements - M.G.L. c.30B Jurisdictions.” See [Locating Documents on Comm-PASS](#) to obtain this document.

Pricing and Acquisition Methods

There are no direct charges to your Agency for use of the Reverse Auction contract. The winning vendor(s) will pay the Reverse Auction vendor’s charge of 0.3% (i.e., \$300 for each \$100,000) of the estimated value of the purchase, with a **maximum** charge per auction of \$15,000 and a **minimum** charge of \$2,500.

The Reverse Auction vendor will provide the following services free of charge:

- Consult with your Agency to determine if an item is a good candidate for a Reverse Auction and the best way to structure the Reverse Auction
- Recommend suppliers to be included in an auction, based on past experience
- Provide detailed logging and reporting for each auction.

How to Use this Contract

1. Determine the specifications and quantity of the items you wish to purchase and estimate the total cost.
2. If the items are generic (as opposed to custom), there are multiple competitive vendors, and the total cost is more than \$100,000, the procurement is a candidate for a Reverse Auction.
3. If the item is on a Statewide Contract, and is available from multiple Statewide Contract vendors, contact the OSD Contract Manager for that Statewide Contract (found on the “Issuers” tab on Comm-PASS). The OSD Contract Manager will advise about next steps.
4. If the item is not on a Statewide Contract, contact [Advanced Purchasing Technology \(APT\)](#). APT will advise as to whether the item is suitable for a Reverse Auction and how best to conduct it.
5. If the item is not on Statewide Contract, you will need to follow your Agency’s requirements for a purchase of that size. For Executive Department Agencies, this will mean conducting an RFR as usual, but with the Cost Proposal handled through the Reverse Auction. See [Reverse Auction language](#) for RFRs for the language to include in your RFR.
6. Evaluate the RFR Responses and notify APT of the qualified companies selected to participate in the Reverse Auction. Only those companies will be allowed to submit bids. Let APT know if your Agency would like to watch the auction (this is optional).

7. APT will contact the bidders and provide training and login/password. They will also provide login information for your Agency if you wish to watch the auction. APT will conduct the auction and provide you with detailed reports for your Procurement File.
8. From that point on, the process is exactly the same as if you had conducted a standard RFR and selected a winner or winners based on hard copy cost tables.

Locating Information on Comm-PASS

1. Go to www.comm-pass.com
2. Select "Search for a Contract" (link near bottom left of page)
3. Check the "For Statewide Contract" box
4. Enter ITS09 as the "Document Number" and select "Search"
5. Select the new link that appears toward the top of the page: "There are 1 Contracts(s) found that match your search criteria."
6. Select the eyeglasses icon under "View" for one of the two documents (the same information is posted on the "Forms & Terms" tab for both contracts)
7. Select the "Forms & Terms" tab. The "Important Other Requirements - M.G.L. c.30B Jurisdictions," needed for municipalities and other entities who follow M.G.L. c.30B regulations, is found on this tab.

Strategic Sourcing Services Team Members

Ronald Whitaker Operational Services Division

Vendor

There is one contractor for Reverse Auction Services under ITS09.

Company Information: Advanced Purchasing Technology, LLC 26 Saddleback Trail Rochester, NY 14624 Website	Contact:: Jerry Lighthouse Sr. Vice President Direct: 585-247-0618 email: jlighthouse@advanced-purchasing.com
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Language for inclusion in Online Reverse Auction Bids

- include the expected date of the reverse auction in the Procurement Calendar
- Substitute your own information for the items highlighted below in yellow.**

On Line Bidding Event

In order to streamline our procurement and take advantage of the benefits of e-commerce, the Commonwealth has decided to conduct an Online Bidding Event using the Ariba platform.

The Ariba platform is entirely web-based; the only technical requirements for your company are a standard web-browser and an Internet connection. The cost to conduct the Online Bidding Event will be shared among the winning Bidders.

Bidders should note that the Online Bidding/ Reverse Auction is MANDATORY if interested in participating in this bid. Please send an email with your company name, contact name and phone number to jighthouse@advanced-purchasing.com referencing this procurement.

Here is a brief overview of the schedule for the upcoming Event:

[date]: Deadline to send Event participation interest to jighthouse@advanced-purchasing.com

[5 day date range]: An Ariba representative will contact you to schedule training on the Ariba on-line Bidding System.

[5 day date range]: Training will take place on the Bidding System at your scheduled time.

[date and time]: Deadline to submit response to RFR to:

[agency], Commonwealth of Massachusetts,
Attention: **[agency procurement manager, title]**
[agency procurement manager eMail]

On Line Bidding Event/Reverse Auction Date and Time: **[Date and Time, specify EST or EDT]**

Just prior to the actual event, Bidders will receive an email invitation providing them with the event start time and necessary log in information needed to access the bidding interface.

Please see the Evaluation Criteria regarding factors to be considered in awarding the bid.

If you have any questions about the process, please contact Jerry Lighthouse, Advanced Purchasing Technology (APT) at (585 247-0618). **Please note that initial bid pricing on**

Attachment [attachment number] must be submitted with your bid and must be submitted to Advanced Purchasing Technology as your “pre-bid.”